



11. 3N 10 LIBYA
Department of State

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EXCISE

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ACTION AF-13

INFO OCT-01 (RSR-01) ARA-08 EUR-14 EA-11 NEA-09 E-11 INT-06
COM-08 OEP-01 L-03 P-03 PRS-01 USIA-12 TRSE-00 PM-06
NSC-10 SS-14 RSC-01 CIAE-00 INR-06 NSAE-00 /139 W
079578

R 301254Z NOV 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 8269
INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMEMBASSY TUNIS
AMEMBASSY VIENNA
USEC BRUSSELS 103
USMISSION OEC

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY CJ

DATE 6/22/81

PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L TRIPOLI 2196

SUBJ: OIL COMPANIES' CHALLENGE TO LIBYAN FOREIGN EXCHANGE RULING

REF: TRIPOLI 2154

1. SUMMARY. OCCIDENTAL HAS NOW RECEIVED LETTER FROM MINISTRY OF PETROLEUM DEMANDING PAYMENT FOR THIRD QUARTER ACCORDING TO THE MINISTRY'S COMPUTATION OF THE DOLLAR RATE OF EXCHANGE. LETTER

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THREATENS ADMINISTRATIVE ATTACHMENT AND REVOCATION OF OCCIDENTAL'S CONCESSION IF THE COMPANY DOES NOT COMPLY, BUT NO DEADLINE IS SET. OCCIDENTAL GENERAL MANAGER ESPEY, CURRENTLY IN LONDON FOR TALKS WITH WORKING GROUP, HAS BEEN INFORMED. REMAINING OCCIDENTAL MANAGEMENT HERE AND OTHER PRODUCING COMPANIES HAVE TAKEN THREAT OF REVOCATION CALMLY. ESSO HAS ALSO RECEIVED LETTER FROM MINISTRY OF PETROLEUM REQUIRING COMPANY PROVIDE ALL AID AND ASSISTANCE TO TWO LIBYAN GOVERNMENT INSPECTORS WHO WILL BE PERMANENTLY ASSIGNED TO MONITOR CRUDE OFF-LOADING IN HAMBURG. END SUMMARY.

2. AFTERNOON OF NOV 29 OCCIDENTAL OF LIBYA RECEIVED LETTER FROM MABRUK, MINISTER OF PETROLEUM, POINTING OUT COMPANY WAS DELINQUENT IN ITS THIRD QUARTER PAYMENTS BY DINARS 498,170 (TEXT OF LETTER BEING POUCHED TO DEPT). FINAL SENTENCE OF LETTER READS AS FOLLOWS: QTE: IN THE EVENT THAT THE COMPANY DOES NOT COMPLY WITH THE REQUIREMENTS WE MADE IS THIS LETTER WE WILL TAKE ALL OF THE LEGAL ACTIONS TO SATISFY THE GOVERNMENT RIGHTS INCLUDING ADMINISTRATIVE ATTACHMENT AND REVOCATION OF THE CONCESSION AGREEMENTS GRANTED TO YOUR COMPANY IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE 27 OF SAID CONCESSION AGREEMENTS WHICH GIVE TO THE GOVERNMENT THE RIGHT TO REVOKE THE CONCESSION AGREEMENTS IN CASE OF DELAY ON THE PART OF THE COMPANY IN DISCHARGING THE TAX OBLIGATIONS DUE THEREFROM. END QTE.

3. OCCIDENTAL GENERAL MANAGER ESPEY IS IN LONDON, TOGETHER WITH OTHER LIBYAN INDUSTRY REPRESENTATIVES, FOR CONSULTATIONS WITH WORKING GROUP. HE NOW HAS TEXT OF LETTER. LATE AFTERNOON NOV 29, INDUSTRY REPS HERE MET TO DISCUSS TACTICS THEY WOULD RECOMMEND TO LONDON WORKING GROUP FOR APPROVAL.

[REDACTED] TOOK THREAT OF CONCESSION REVOCATION CALMLY AND PHILOSOPHICALLY. [REDACTED] THOUGHT INDUSTRY REPS HERE WOULD RECOMMEND TO LONDON WORKING GROUP THAT THEY [REDACTED] POINT OUT, IN A LETTER OF RESPONSE, THAT CLAUSE 27 OF OCCIDENTAL CONCESSION REQUIRES MUCH MORE THAN UNILATERAL ACTION BEFORE A CONCESSION CAN BE REVOKED. [REDACTED]

4. IN [REDACTED] PARALLEL DEVELOPMENT, ESSO HAS RECEIVED LETTER FROM MINISTRY OF PETROLEUM INSTRUCTING COMPANY TO GIVE ALL AID AND ASSISTANCE TO TWO LIBYAN GOVERNMENT INSPECTORS WHO WILL BE PERMANENTLY RESIDENT IN HAMBURG TO DETERMINE EXACT

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AMOUNT OF CRUDE UNLOADED THERE FROM TANKERS OUTBOUND FROM LIBYA.
[REDACTED] LIBYAN DECISION AS STEMMING FROM FOLLOWING SITUATION. B4
CRUDE, LOADED INTO TANKERS FROM ALL LIBYAN TERMINALS, IS IN KEEP-
ING WITH STANDARD INDUSTRY PRACTICE METERED ON SHORE PRIOR TO PIP-
ING ONTO TANKERS. HOWEVER, FOR VESSEL'S PURPOSES, CAPTAIN SIGNS
SHEET ON BOARD AS TO TONNAGE HE HAS TAKEN ON AND THIS FROM SIGHT-
READINGS ON TANKS WHICH ARE CONSIDERABLY LESS ACCURATE THAN FIG-
URES DERIVED FROM METERS. SOMEHOW, LIBYANS HAVE SEEN THESE TANKER
DOCUMENTS AND, IN ONE OR TWO CASES, CAPTAINS' BUNKERAGE FIGURES
WERE HIGHER THAN THOSE OF METERS ON SHORE. [REDACTED] COMPANY WAS B4
PREPARED TO DO EVERYTHING TO ASSURE LIBYANS THAT METERING WAS COM-
PLETELY ACCURATE AND THAT SHIPBOARD FIGURES MERELY AN ESTIMATE.

[REDACTED] HE HOPED LON-
DON WORKING GROUP, WHICH ALSO INFORMED OF THIS LATEST DEVELOPMENT, B4
WOULD OKAY RESPONSE WHICH WOULD SET LIBYANS' MINDS AT EASE ABOUT
APPARENT DISCREPANCY IN TWO LOADING FIGURES. [REDACTED]

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